



Missouri Department of Elementary and Secondary Education

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PROGRAM MEMORANDUM

TO: Administrators of Perkins Grants

FROM: Tom Quinn, Interim Assistant Commissioner
Division of Career Education

DATE: February 21, 2008

SUBJECT: #2008-04 – Guidance Related to Perkins Program Administration

One of the goals of the Division of Career Education is to provide local educational agencies (LEAs) with clear guidance concerning all Perkins related issues. As part of that effort, Division staff have met over the past few months to discuss and clarify an issue with the program administration funds allowed under the Perkins Act. This issue was a direct result of some concerns noted during the Perkins technical assistance visits conducted by the Division.

During the meetings held by staff regarding program administration, it became apparent that the Division needed to provide LEAs with some written guidance on this subject. The discussions involved the appropriate use of Perkins dollars as those expenditures conform to the intent of the legislation. In addition, staff discussed how to clarify the Division's expectation of how program administration should be reported under the Perkins grant. As a result of these discussions, the Division now provides the following guidance for reference as each LEA begins to prepare their local five-year strategic plan and budget for year one under Perkins IV.

This new guidance must be adhered to by all LEAs receiving a Perkins grant to ensure the appropriate use and reporting of funds. This guidance will be effective on July 1, 2008.

Definition of Administration

The Perkins legislation defines administration as "activities necessary for the proper and efficient performance of the eligible recipient's duties under the Act." The definition further stipulates that administration includes supervision, but does not include curriculum development activities, personnel development or research activities.

In accordance with Section 135(d) of the Perkins Act, an eligible recipient receiving funds shall not use more than five percent of the funds for administrative costs. Administrative costs are subject to the following definitions and restrictions:

Administrative activities are the duties that involve the administration of the grant funds. These may include: developing the local plan and annual budget, assuring compliance with applicable federal and/or state laws and regulations, overseeing the accounting/purchasing activities from the grant funds, preparing reports and financial

data, etc. Administrators and clerical staff are usually the individuals responsible for these activities.

All staff positions and activities not directly related to a specific career education program area should be considered as administrative costs.

Indirect costs are considered part of the administrative costs and are included in the five percent maximum. LEAs having an approved indirect cost rate greater than five percent are limited to five percent for the Perkins grant program including any direct charges that are determined to be administrative costs.

Here are some examples of costs that would fall under the administration category: administrator and secretarial salaries and benefits, materials/supplies and equipment associated with administrative duties, audit costs, indirect costs, some telephone and postage costs, some printing costs, some maintenance and repair costs, some rental/lease costs, etc.

Issue with Administration

As indicated earlier, the issue with the program administration funds was a result of some concerns noted during the Perkins technical assistance visits. It appears some LEAs have been incorrectly reporting administrative types of costs as program costs.

In some instances, LEAs reported the salary amounts for administrative positions as program costs, not administrative costs. The funding of salaries for administrators and clerical staff from the Perkins grant must be taken from the five percent program administration. The salary amounts reported as program costs must only include the funding of salaries for program staff (instructors, counselors, aides, etc). These positions actually carry out the projects and activities approved in the local plan which may include: classroom instruction, curriculum development, personnel development, career guidance, mentoring and support services/programs for career education students, etc.

In other instances, LEAs reported general office expenses (non-instructional materials/supplies and administrative equipment) as program costs, not administrative costs. The funding of general office expenses from the Perkins grant must be taken from the five percent program administration. The expenses reported as program costs must only include the amounts directly related to a specific career education program area. These costs actually support the projects and activities approved in the local plan.

The LEAs in the above-mentioned situations were getting around the five percent maximum for administration by budgeting administrative types of costs as program costs, and not administrative costs. The Division is now requiring all administrative types of costs to be funded from the five percent program administration.

If you have any questions, please contact Andy Martin, Director of Finance, at (573) 751-0449.